



# Navy Performance Based Logistics: Partnering with Industry

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October 23, 2002

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October 23, 2002

# Overview

- ◆ Current PBL in Action
  - ❖ EP-3E Structure / Program
- ◆ Future PBL Planning
  - ❖ ICAPIII Options for PBL Program





# PBL Definitions

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**"Full" PBL .** A contractual arrangement where the contractor manages (and may also own) the inventory, determines stocking levels, typically repairs NRFI material, and is required to meet specific performance metrics. Requisitions still flow through ICP, and ICP pays the contractor for performance but bills customers traditionally. Reliability improvements, technology insertion and reduced obsolescence may be some of the inherent benefits of a Full PBL. The contractor usually is given Class II ECP authority and in some cases may also have configuration control. Additionally, Logistics Engineering Change Proposal (LECP) arrangements will be considered a subset of this category if they contain supply support clauses that fall under the definition noted above.

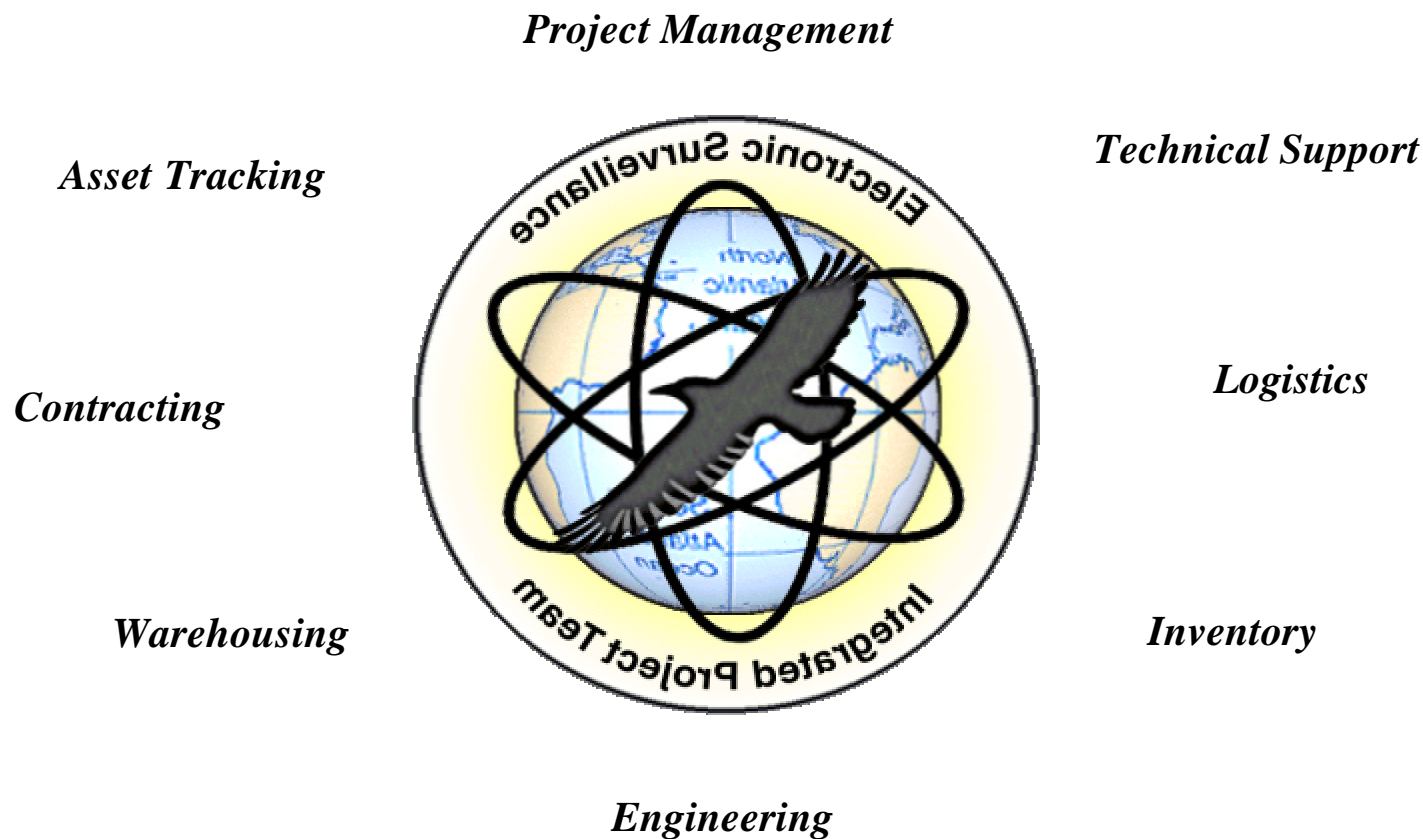
**Total Logistics Support** A most robust form of PBL (typically referred to as Contractor Logistics Support (CLS)), where the contractor manages most or all facets of logistic support (i.e. ILS elements), including inventory levels, maintenance philosophy, training manuals, PHS&T, full configuration control, support equipment, etc.



# EP-3 Airborne Avionics PBL

- ◆ **Sept 97 MOA with Naval Inventory Control Point Philadelphia**
  - ❖ Single point supply concept
  - ❖ Depot Management of 395 NIINs
  - ❖ Professional Relationship with 96 Suppliers/Original Equipment Manufacturers
  - ❖ Limited NAVAIR PMA role (increasing)
- ◆ **Performance Metrics**
  - ❖ NAVSUP Material Logistics Goals
  - ❖ Reduced backorders for NMCS/PMCS requisitions
- ◆ **Crane PBL-O Responsibilities**
  - ❖ Provide Technical and Logistical support to program
    - ❖ COTs & Obsolescence Management
    - ❖ Limited Configuration Support
    - ❖ Studies/Support as Required for Program
  - ❖ Screen/test Not Ready For Issue
  - ❖ Procurement & Repair
  - ❖ Receiving, shipping, tracking, warehousing
  - ❖ Serial number tracking

# Our Purpose



***ONE STOP SHOP FOR ALL YOUR PROGRAM SUPPORT NEEDS***



# Our Purpose

- ◆ Small community aircraft with highly specialized equipment, deployed worldwide, require immediate asset availability
- ◆ The need to control cost with a decreasing budget
- ◆ The cycle time for failed items to pass through repair has a direct impact on mission readiness and cost
- ◆ There are a limited quantity of spares available
- ◆ The impact of continuous system modifications (technology insertion) and compatibility with existing equipment
- ◆ There is not adequate profit incentive for ONE private contractor to want to do this work



# Our Performance

## ◆ Improve readiness by improving asset availability

- ❖ Compliment Supply System and Micro-Manage Repair Process
- ❖ Contracts, Technical and Logistics personnel are part of I.P.T.
- ❖ Manage estimated delivery dates
- ❖ Manage CASREPs & Backorders
- ❖ Provide total asset visibility of Repair and Install/Spare Assets
- ❖ TIR inventory transactions to NAVICP
- ❖ Technical expertise to manage cost
- ❖ Maintain professional relationship with vendors
- ❖ Negotiate firm fixed price/category contracts
- ❖ Provide life cycle support of mission avionics
- ❖ Partner with private industry in resolving support issues
- ❖ Provide evaluation of support weaknesses, and propose corrective actions









# Automated Backorder Tracking

## NAVICP PHIL/EP-3 IPT CRANE ROR NMCS/PMCS STATUS

Sort on: NIIN, Requirement Doc

Requirement active from 9/12/2002 to 9/30/2002

Report Date: 09/25/2002

Read at NSWC REQUIREMENT DOC

Req No	PRI / UIC ACTIVITY	COG	NSN/INCH	PART NO	CAGE/ENDOR	Contract# / PCO Cd	D.O.	CLIN	Urgent Rqmnt	Proj ESD	Ship Date	Days to fill
8/6/2002 02	N62863-2218-G 622 NAS ROTA	TR	5841-011247889-EP	1085AS173	072ES RAYTHEON TECHNICAL SERVICES COMPANY	02M1234 WJ2		0001	1	9/30/2002		48

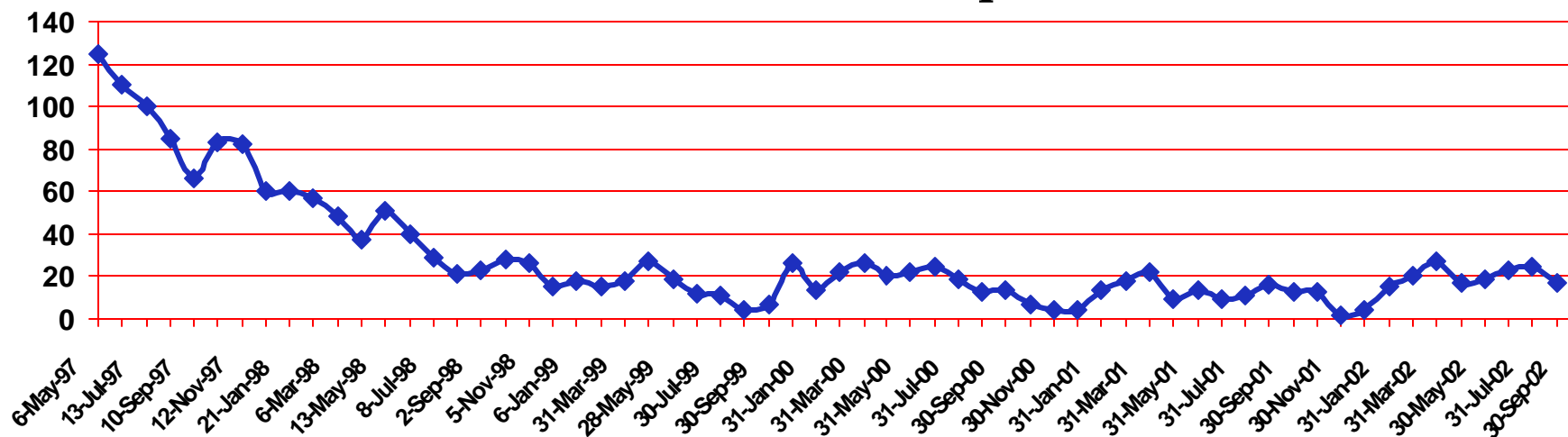
Req No	Unallocated Items in Repair						
20283005	1085AS173	072ES RAYTHEON TECHNICAL SERVICES COMPANY	02C0030 WJ	0003		12/16/2002	
20293165	1085AS173	072ES RAYTHEON TECHNICAL SERVICES COMPANY	WJ			9/30/2002	
20859305	1085AS173	072ES RAYTHEON TECHNICAL SERVICES COMPANY	WJ			11/26/2002	
21977209	1085AS173	072ES RAYTHEON TECHNICAL SERVICES COMPANY	WJ			11/15/2002	
21977212	1085AS173	072ES RAYTHEON TECHNICAL SERVICES COMPANY	WJ			11/15/2002	
21977218	1085AS173	072ES RAYTHEON TECHNICAL SERVICES COMPANY	WJ			11/15/2002	

8/7/2002 02	N68212-2218-G 477 NAF MISAUA JAPAN	TR	5841-011351543-EP	2424532-1	072ES RAYTHEON TECHNICAL SERVICES COMPANY	9600159 WJ	FCSS	4125YA	1	9/30/2002		49
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Req No	Unallocated Items in Repair						
20179149	2424532-1	072ES RAYTHEON TECHNICAL SERVICES COMPANY	9600159 WJ	FCSS	4125ZZ	10/18/2002	
20818373	2424532-1	072ES RAYTHEON TECHNICAL SERVICES COMPANY	WJ			11/6/2002	

# Customer Satisfaction

## *Priority 2/3 Requirements Jan 00 thru Sept 02*



*Squadron MMCO: ‘..We are in the best shape we’ve ever been in...*

*..NAVICP and NSWC-Crane are providing excellent support...’*



# Benefits

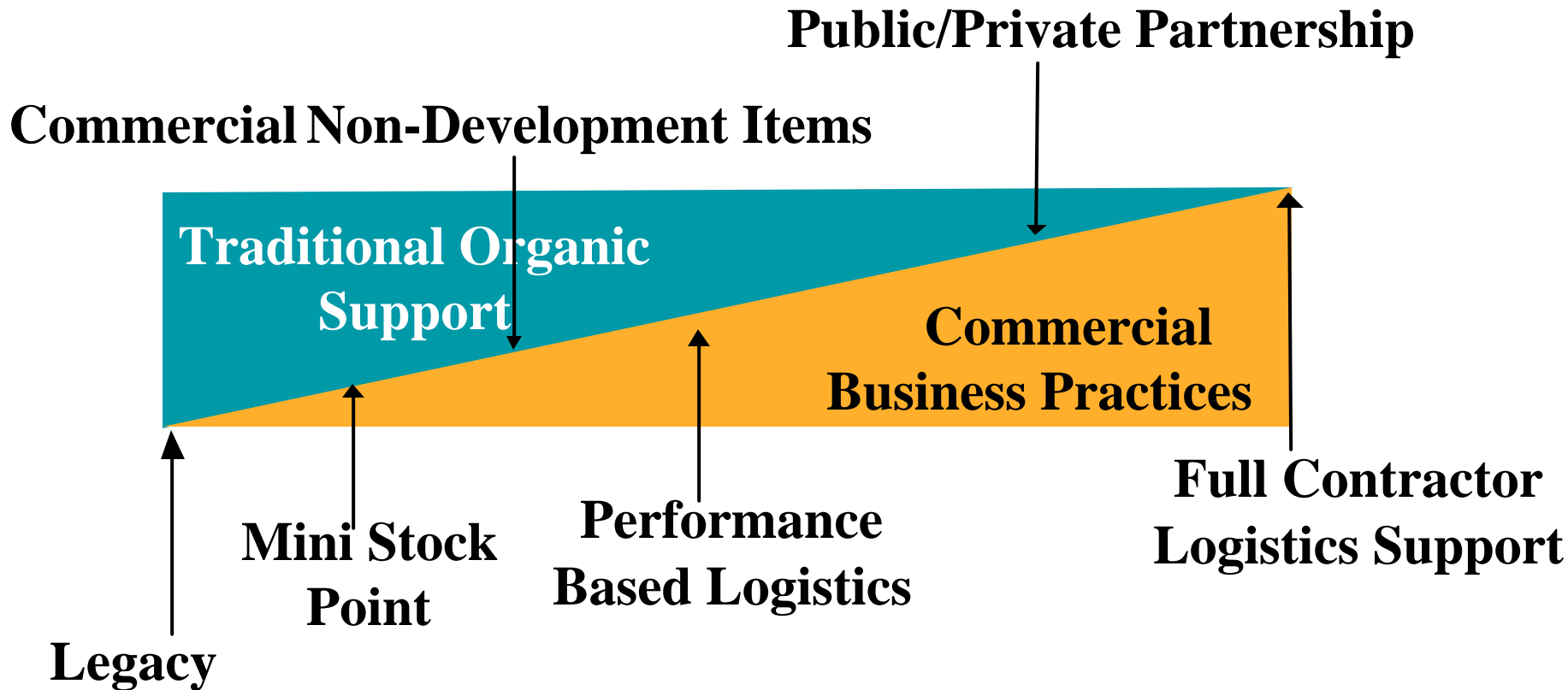
- ◆ Single Site for all Program Support Related Issues
- ◆ Reduced Cost
- ◆ Improved Readiness
  - ❖ 10 years of Improving the Process
- ◆ Improved Asset Visibility
  - ❖ Micro-management of Procurement and Tracking
- ◆ Increased Government / Contractor Communications

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# PBL Solutions Spectrum





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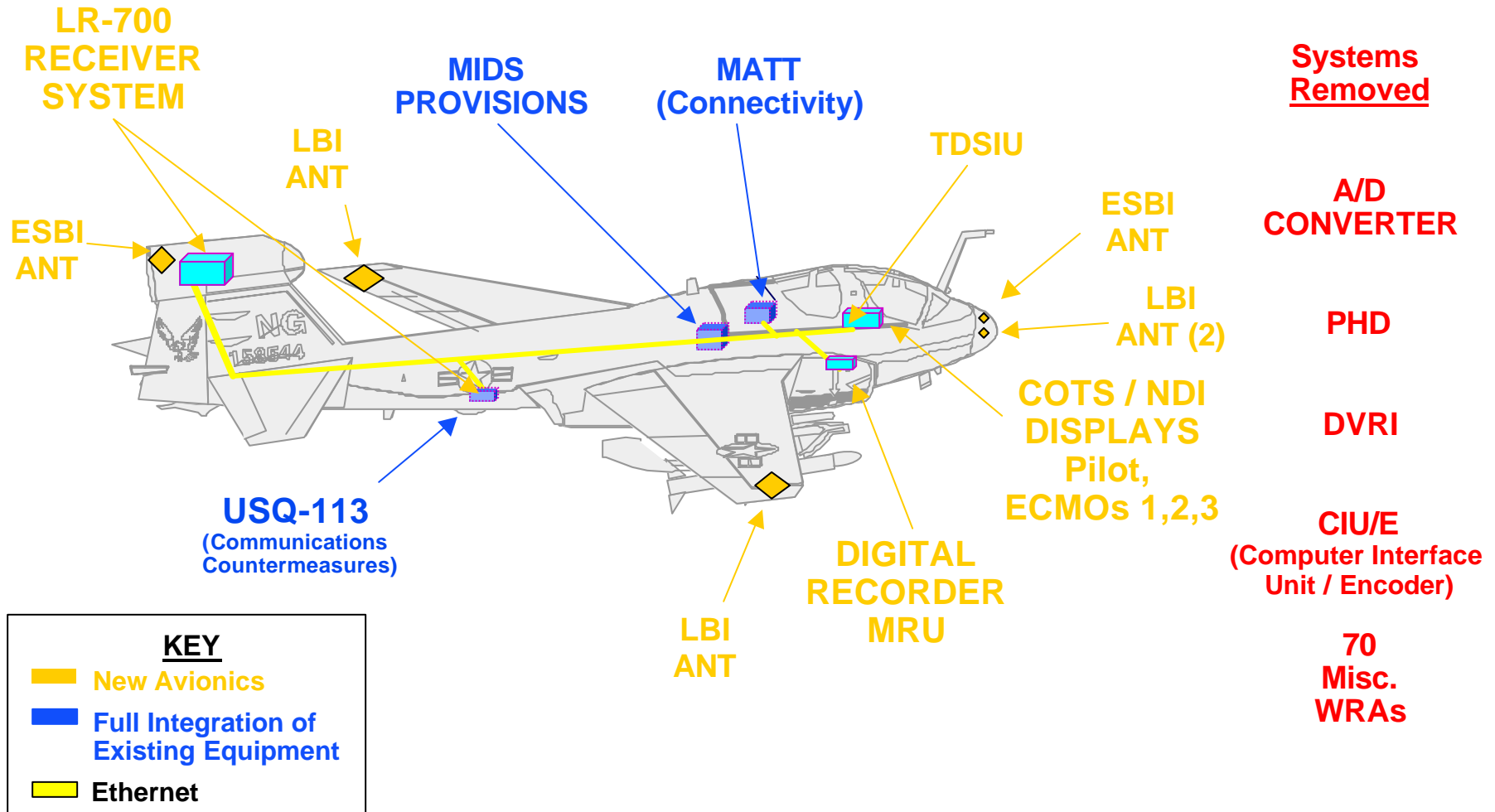
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# ICAP III Upgrade







# Statutes

- ◆ 10 USC 2208(j) Working Capital Fund authority for sale of goods and services
- ◆ 10 USC 2563 Sale of articles & services by industrial facilities
- ◆ 10 USC 2667 Leasing of non-excess equipment and facilities



# Statutes

- ◆ 10 USC 2464 Necessity for Core Logistics Capability
- ◆ 10 USC 2474 Requires the Military Departments to designate depot maintenance activities as Centers of Industrial and Technical Excellence (CITEs) authorizes and encourages public-private partnerships, permits performance of work related to core competencies, permits use of facilities and equipment, and permits sales proceeds from public-private partnerships to be credited to depot accounts.



# Designations

- ◆ NSWC Crane has Depot Source of Repair Designation for ICAPIII from the JDMAG Depot Maintenance Inter-service Study
- ◆ ICAPIII has Official Core Requirement Designation from the Navy
- ◆ NSWC Crane has received an Official Centers of Industrial and Technical Excellence (CITE) Designation



# Planned Approach

- ◆ (THIS SLIDE TBD at Conference )
- ◆ Draft Below
- ◆ SoW submitted to Northrop Grumman Requiring:
  - ❖ 1.
  - ❖ 2.
  - ❖ 3.
  - ❖ 4.
  - ❖ 5.
- ◆ NSWCC Crane to serve as Sub-contractor to NGC



# Conclusions

- ◆ Several Types / Forms of PBLs
- ◆ Depending on:
  - ❖ Cost effectiveness
  - ❖ Industry Interest
  - ❖ Statutory Authority
- ◆ No one “right” answer for all programs
- ◆ Partnerships with Industry are critical for DoD to be able to provide Asset Availability to the Warfighter



**NAVSEA**

**CRANE**

Surface Warfare Center Division